

August 12, 2010

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF EMPEE HOTELS LTD.**Ratings**

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	177.00	'CARE D' (Single D)	Revised from CARE BB+ [Double B Plus]
Short-term Bank Facilities	9.95	'PR5' (PR Five)	Revised from PR4 [PR Four]
Total Facilities	186.95		

Rating Rationale

The revision in ratings factor in delay in commissioning of the hotel, cost over-run suffered by the project and consequent delay in repayment of its debt obligations.

Company Profile

EHL, part of the Chennai based Empee group, is engaged in constructing and equipping a 202 rooms 5-star deluxe category hotel in the name of "Hilton, Chennai" at Ekkaduthangal, near Chennai Airport. EHL has entered into multiple agreements with hospitality major Hilton group for managing different functions/ facets of the business like planning, staffing, marketing etc.

EHL announced achievement of Commercial Operations Date (COD) of the property on June 30, 2010, with partial commissioning of the property, as against the earlier envisaged date of December 31, 2009. However, continuous commercial operation of the property is yet to be achieved.

The total cost of the project is expected to be about Rs.301cr, in comparison with the earlier estimate of Rs.254cr, to be funded at a Debt Equity Ratio (DER) of 2.3x.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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² "Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications".



Press Release

facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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